



## Retirement Investors' Club (RIC) 403b Plans

Look *forward* to retirement!

## Special Pay Plan (SPP) FAQ for Employees

### ? What is a special pay plan?

A special pay plan (SPP) is a method of delivering post-retirement benefits to former employees. Benefit payments are deposited into the retiree's 403b (tax-sheltered annuity) account for up to five years after retirement.



### ? Why did my employer choose to use a SPP instead of paying me directly?



Funds deposited into a 403b account have no immediate federal and state income taxes withheld, and you don't pay FICA (Social Security & Medicare) tax at all (typically 7.65%).

### ? May I opt out of this plan and receive my money directly?

No. The IRS does not allow "individual election". All employees retiring under this plan must participate.

### ? What if I die before I receive all my payments?

IRS guidelines require that the payment be prorated in the year of death and stopped thereafter. Your beneficiary is entitled to the remaining balance in your 403b account.

### ? How are my funds invested?

If you currently invest with RIC, your funds will be invested in the same funds you chose for new contributions, unless you designate different funds ahead of the benefit deposit. If you do not have an RIC account, you must select an investment provider and enroll. Provider information is available at <https://das.iowa.gov/sites/default/files/hr/ric/403b/providers>.

### ? When can I access my funds?

You may withdraw your funds as soon as they are deposited into your 403b account. Your employer determines the deposit schedule. You are not required to withdraw your funds until age 70½.

### ? What are required minimum distributions?

Annual minimum distributions must begin no later than April 1 of the year after the year you reach age 70½. Your provider will calculate your required amount for you based on the IRS formula.

### ? How can I access my funds?

Contact your provider for the proper form.

- If you are age 59½ or older, use age as your distributable event, and submit the form directly to your provider.
- If you are under age 59½, log into planwithease.com and receive a certification approving the distribution. Forward the completed provider form and planwithease certification to your provider.

### ? Prior to age 59½, will I have a 10% early withdrawal penalty?

In some cases yes. If you are at least age 55 when you separate from service with your employer, the 10% IRS penalty does not apply. You still must pay applicable federal, state and local taxes.

### ? Are there other penalties or restrictions on withdrawing my funds?

No. There are no restrictions or surrender penalties with any of the RIC products.

### ? May I take a loan on my account?

Yes, if your employer allows loans for retirees in your 403b plan.

### ? Who should I call for more information?

Call your employer's payroll office about your SPP, including eligibility, payment amount, and payment schedule. For questions about your 403b account, call your investment provider or RIC (866-460-4692, option 1).